



Jeff Wright
Mayor

TOWN OF NEWINGTON

131 CEDAR STREET
NEWINGTON, CONNECTICUT 06111

OFFICE OF THE MAYOR

April 8, 2008

Dear Newington Resident and Taxpayer:

On behalf of the Town of Newington, we present the Town's Adopted Fiscal Year 2008-09 budget for General Government operations and the Board of Education. As presented, the budget totals \$93,321,692, an increase of \$3,387,204, or 3.77%, over Fiscal Year 2007-08.

There were significant challenges in the budget since the level of State Aid was a net increase of only \$229,000. Interest rates have fallen substantially and the Town will receive approximately \$525,000 less in interest income.

With regard to the preparation of any Town budget, many aspects must be looked at for a suitable plan:

1. The economic conditions in the region and nationally;
2. The service demands and profile of revenue and expenses for the following year;
3. The ability of citizens to absorb any increases in taxes or other fees; and
4. A clear directive by the electorate to limit a tax increase to three percent (3%).

We have been able to limit the tax increase to **2.86%** without compromising the delivery of services to the community. This was possible for a number of reasons which I will detail in the budget message which follows.

Facilities Management Reorganization

Last year the Town created the position of Director of Facilities Management to manage all Town-owned buildings and facilities with the exception of Education facilities. In addition, the position was and will be primarily responsible for the infrastructure improvements that have been part of the Town's Capital Improvement Plan initiative, with concentrations on the Town Hall and other Town buildings. To further streamline the organization, the Public Works Administrative Coordinator position has been eliminated and substituted with a new position of a Heating and Ventilating Mechanic. This would give the Town the ability to respond to maintenance demands on a timelier basis and reduce the cost of contracting out services. This decision was not taken lightly in that a position is eliminated and the incumbent, if another position is not available, will be without a job. However painful this plan is personally, it is for the good of the Town and will ultimately result in savings and better facilities maintenance.

Police Department Staffing

In a contained effort to “right-size” the department, an increase of three (3) additional uniformed Police Officers is included to supplement the 48 sworn officers in the Newington Police Department. Through additional Police Officers, the Town has been able to reduce the amount of hours that each officer is on duty each week, which has provided a better level of service to the community as Police Officers are better rested and able to perform at a higher level. The three new officers will include one that will be assigned as a Youth Officer. In addition, it will allow us to concentrate and develop the School Resource Officer (SRO) position in a more strategic manner. There is a lag in the hiring of the officers and the impact on the organization. It takes approximately nine months from the time an officer is hired until that officer becomes a productive member of the department because of various training components. In summary, the Town Council felt it was important to focus on public safety. We believe the addition of the new officers will allow Newington to be a safer place and also decrease overtime and other overhead costs. It is an investment that has many benefits.

GENERAL GOVERNMENT

	FY 2007-08	FY 2008-09	\$ Change	% Change
General Government	\$27,280,746	\$28,134,112	\$853,366	3.13

The General Government portion of the budget, excluding Debt Service, Capital Improvements, Education, MDC levy and the Employee Leave Liability Fund, increases \$853,366, or 3.13%. The most notable adjustments within the operating departments include:

- Full time salaries are up 6% due to the contractual raises for IBPO and AFSCME, step increases, administrative raises, and the addition of new personnel in the Police Department.
- Overtime is down 6% due to the added personnel in the Police Department.
- Part time increased 5% mainly due to shift of personnel in the Dial-A-Ride program from full-time to part-time.
- Funding to implement the Pay Per Call Plan is included to assist in recruitment and retention of firefighters.
- Cost of gasoline not only has increased the Motor Fuel budget by 8.5% but also affects the delivery cost of materials, such as chemicals used by Parks and Grounds.
- Construction and Maintenance Material is up 6% due to sand and salt price increases and the continued transition to enhanced salt.

As detailed below, the major budget adjustments are Capital Improvements, salaries, MDC sewer assessments, and employee benefits. One area of the budget which reversed the trend of increased cost was health benefits insurance for the Town and the Board of Education. Due to a lower use rate of health benefits by employees, coupled with contractual changes agreed to by the Unions and the Town, the Town was able to reduce its medical benefits by 10% and the Board of Education had a minimal increase of 2.3%. In total, these events avoided approximately a **one million dollar** increase in the projected health benefits budget.

CAPITAL IMPROVEMENT PROGRAM

The Town Council's Adopted Capital Improvement Plan for FY 2008-09 includes a funding level of approximately \$3.9 million which is offset by \$400,000 of school construction grants as compared to last year's funding of \$3.7 million. Of this, \$1,315,000 is allocated to Board of Education projects such as the Field House Expansion, Newington High School's Climate Control System and improvements to parking lots at Martin Kellogg Middle School and Anna Reynolds Elementary School. Longer term, it may be possible to fund the increasing demand for infrastructure construction with long-term financing rather than as "pay as you go." This would smooth out the Town's debt structure. The balance of the General Fund monies is allocated as follows:

Road Resurfacing: In order to address improvements to Town roads, the Town Council increased funding by \$310,000 which supplements the annual \$400,000 allocation through LOCIP and Town Aid Road programs.

Computer System Replacement Reserve Fund: An amount of \$225,000 will further enhance and supplement the existing network infrastructure and continue the replacement schedule of key components of the Town's hardware components.

Town Hall Improvements: An amount of \$920,000 would address the failing condition of the Town Hall heating system.

Parks Garage Upgrades: An amount of \$52,500 would address the need for this building's siding and soffits which have been damaged over the years by roof leaks and the lack of gutter systems on the buildings. The roof was replaced in 2007 and this work will complete the repairs necessary to bring the building exteriors back to acceptable standards.

Historic Property Upgrades: An amount of \$30,000 provides a systematic replacement of aging and failed electrical, plumbing and structural components at the Town's historic properties. First year work would focus on failed windows and structural repairs.

Standby Generator: An amount of \$40,000 is allocated for the Town's share of an emergency generator at Newington High School.

Dispatch Console System: An amount of \$135,000 allows for the replacement and upgrade of the Town's emergency communication system.

Firefighters Accountability: An amount of \$35,000 and would provide an on-scene tracking system of firefighters.

Fire Department Resurfacing Program: An amount of \$30,000 at Companies #1 and #3 parking areas in order to improve the deteriorating surface.

Thermal Imaging Camera Replacement: An amount of \$40,000 provides funds to replace two units with new technology. Existing units are aging and costly to repair.

Traffic Signal Repair & Replacement Reserve: Annual funding in the amount of \$40,000 continues to replace and repair traffic signals on an ongoing basis.

Salt Storage Shed: An amount of \$154,000 is included to ensure adequate space for material while meeting DEP requirements pertaining to run off.

Carpet Replacement at Senior & Disabled Center: An amount of \$40,000 would replace the carpeting that is over 20 years old and becoming frayed, buckled and torn causing dangerous tripping hazards.

Major Equipment Replacement Reserve: Funding in the amount of \$310,531 represents the annual depreciation for the Town's major equipment replacement program.

Lease Purchase Payments: The amount of \$211,654 represents the fourth annual installment (of five) for the 2005 purchase of the Pierce ladder fire truck.

EMPLOYEE BENEFITS

In the FY 2007-08 budget, a nominal increase of 2.4% was projected. By comparison, the FY 2002-2003 budget projected health care costs to rise 35%. In reality, our experience within the Health Insurance category actually decreased by 10% due to the successful plan design changes negotiated during the AFSCME and IBPO contract negotiations as well as increased cost sharing, favorable claim trends and increased deductibles imposed. Because of these health benefit changes, which also incorporate the Administrators, the Town has been able to mitigate much of the historically large increases. These changes have enabled the Town to get closer to the target of a minimal 3% increase.

Contributions to the Town's three defined benefit pension plans are up by 5% as favorable investment returns in the past three years offset some of the liability side of the ledger.

PROPERTY AND CASUALTY INSURANCE

The Town's Agent of Record has projected premium costs to increase by 3.5% for automobile and general liability coverage and by 5% for property coverage compared to costs in FY 2007-08.

METROPOLITAN DISTRICT COMMISSION (MDC) AND CONNECTICUT RESOURCES RECOVERY AUTHORITY (CRRA)

The Town of Newington is a member of two regional authorities that provide key services to their member towns. The Metropolitan District Commission (MDC) is the provider of water and waste water (sewer) services to the Town of Newington and seven other regional entities. The MDC funding allocation for FY 2008-09 is \$2,818,600, or a 4% increase. This is a somewhat consistent increase from the previous years. The 4% increase is for the Town's allocation and, of course, does not include the user fees which are billed directly to Town residents for sewer and water services. These user fees are projected to increase substantially over the next 10 years to fund the Clean Water Project mandated by State and federal agencies.

The Town is also a member of the regional 68 member Connecticut Resources Recovery Authority (CRRA) which handles disposal of solid and bulky waste for its members. In FY 2007-08, the tipping fee was \$69 per ton for municipal solid waste. During the year, a Court decision reduced the tipping fee to approximately \$61 per ton. Unfortunately, the tipping fee for Fiscal Year 2008-09 is \$72 per ton. The Town has recovered

some of the increased tipping fees that were absorbed by the CRRA because of the unfortunate deal with the now defunct Enron Corporation. In this fiscal year the Town received approximately \$900,000 of revenue for repayment of increased tipping fees over the last five years. Presently, the Town maintains \$900,000 in its Fund Balance. There is still an outstanding Supreme Court case which will ultimately decide whether the Town will be able to keep the \$900,000. In addition, based on projections by CRRA, the tipping fee could increase to \$82 per ton in Fiscal Year 2009-2010. By 2012, the Town must make a decision whether to continue with CRRA or look for an alternative source for disposal of its municipal solid waste. Area Towns have begun this process which will be a long and detailed study of the options.

DEBT SERVICE

A slight decrease in the Town's principal and interest debt service of approximately \$70,000 is being recognized in Fiscal Year 2008-09.

BOARD OF EDUCATION

The Board of Education's 2008-09 approved budget provides for an additional \$2,308,870, or 4.31%, which is less than the increase of 5.74% approved by the Town Council as part of the FY 2007-08 budget. During its budget deliberations, the Town Council reduced the amount proposed by the Town Manager by \$200,000.

	FY 2007-08	FY 2008-09	\$ Change	% Change
Board of Education	53,563,272	55,872,142	2,308,870	4.31%

REVENUES

As noted earlier, the Fiscal Year 2008-09 adopted budget includes only a minimal increase in the amount of State Aid. It is important to note that the State economy as well as the national economy is uncertain, and, therefore, the Town cannot count on additional State Aid. Other revenue sources affected by the economy include Building permits, Town Clerk fees and interest which in total have decreased \$1 million.

The revenues to finance the FY 2008-09 budget come from the following sources:

Type	\$	%
Property Tax	\$70,897,801	76
Non-Tax Revenue	\$20,423,891	22
General Fund Balance	\$2,000,000	2
TOTAL	\$93,321,692	100.0%

The FY 2008-09 budget applies \$2,000,000 from the General Fund balance, the same amount as in FY 2007-08. This will leave an estimated, projected unreserved fund balance as of June 30, 2008 of approximately \$9.7 million or approximately 10.0% of the FY 2008-09 budget. This level is consistent with parameters established by the credit rating industry.

GRAND LIST

The October 1, 2007 taxable Grand List totals \$2,633,871,419 (subject to Board of Assessment Appeals review) which represents an increase of 1.6% from the 2006 Grand List. The growth in the 2006 Grand List was 1.0% from the previous year. A comparison of the 2007 Grand List to the 2006 Grand List is as follows:

Category	2006	2007	\$ Change	% Change
Real Estate	\$2,260,822,510	\$2,295,820,555	34,998,045	1.5
Personal Property	133,941,460	136,320,152	2,378,692	1.8
Motor Vehicle	196,387,748	201,730,712	5,342,964	2.7
TOTAL	\$2,591,151,718	\$2,633,871,419	42,719,701	1.6

MILL RATE

Effective with the October 1, 2007 taxable Grand List, the mill rate for FY 2008-09 is 27.68 mills, an increase of .77 mill or 2.86%.

IMPACT ON THE NEWINGTON TAXPAYER

Utilizing an average residential assessment of \$166,380 and a mill rate of 27.68, taxes would increase by approximately \$130 or 2.86%.

CONCLUSION

My appreciation goes to all who assisted in the preparation of the budget, including staff, boards, commissions and other interested parties. I especially would like to thank Town Manager John Salomone, Finance Director Ann Harter, Deputy Finance Director Lisa Rydecki, and Executive Assistant Lori Verreault for their tireless work to produce this document.

Yours truly,

Jeffrey A. Wright
Mayor

